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TAGS: [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [ETTC](#) [ENRG](#) [TRGY](#) [IN](#)
SUBJECT: MENON SAYS HE REALIZES THAT THE NUCLEAR CLOCK IS
RUNNING OUT

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

¶1. (C) Summary: Foreign Secretary Menon told the Ambassador January 23 that India and the IAEA have settled all technical issues but must still decide how to reflect the terms of the 123 Agreement in the safeguards agreement. Although he hesitated to predict that the January 29-30 round would wrap up the negotiations, Menon related that he has told his "political masters" that they must resolve the domestic political situation now to advance the nuclear initiative in ¶2008. Menon reported that the Indian government will finalize and privately initial a bilateral nuclear agreement that lacks specific sites and number of reactors with the French during President Sarkozy's January 26-27 visit. Regarding the Prime Minister's recent trip to China, Menon noted that while the Chinese could not commit to support the Nuclear Suppliers Group (NSG) exception, they would tell the NSG that China plans to engage in bilateral civil nuclear cooperation with India. The Ambassador remarked that the state government in West Bengal has reacted poorly to the presence of avian influenza, and Menon suggested that the U.S. submit a menu of possible assistance to help India mitigate the spread. End Summary.

Technical Issues Completed

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¶2. (C) In a January 23 meeting with Foreign Secretary Shiv Shankar Menon, the Ambassador asked about the IAEA talks on an Indian safeguards agreement. Menon noted that the two sides have agreed on all technical issues, but still needed to resolve the "big front-end issues" involving the reflection of the terms of the 123 Agreement in the IAEA agreement. Recalling that the Ambassador had expressed concern that India has sought to supersede the 123 Agreement, Menon assured him that "nothing should be seen as going beyond 123," but cautioned that the inverse is also true -- "nothing can go below 123 either for political reasons," he said. The Ambassador asked whether the Indians have faced resistance from the IAEA regarding the insertion of 123 language. Menon remarked that the IAEA has quibbled with "bits and pieces of 123 language," but he downplayed the problem. The Indian side has pushed to refer to the 123 Agreement directly, Menon continued, but could settle on a generic reference to bilateral international agreements.

¶3. (C) Menon noted that the Indian government will soon decide whether Department of Atomic Energy Secretary Anil Kakodkar should meet IAEA Director General Mohammed El Baradei face-to-face. The Ambassador remarked that

Kakodkar's presence in Washington, in addition to Menon and National Security Advisor M.K. Narayanan, helped the U.S. and India complete the 123 Agreement. Menon said that neither he nor Narayanan had plans to travel to Vienna, but he hoped Kakodkar's presence could help. The Ambassador asked whether India and the IAEA could finish the talks during the next round, planned for January 29-30. Menon demurred, noting that he could not definitively predict the conclusion of the talks.

India Seeks to Globalize the Nuclear Deal

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¶4. (C) Regarding the January 26-27 visit to New Delhi by French President Nicholas Sarkozy, Menon recounted that he had told the French Ambassador that India can only finalize a bilateral agreement and privately initial the text, allowing India and France to mention the agreement in a Joint Statement. Menon observed that this formula will help the Indian government argue that the nuclear initiative is a "question of international nuclear cooperation." The Indians had declined to take the initial French offer of signing an agreement between Areva and Nuclear Power Corporation of India, Ltd. (NPCIL), which would have named a specific site and proposed a number of reactors, Menon recalled. Instead, Menon related, the Indians reminded the French that they cannot make specific commitments before signing the IAEA safeguards agreement and getting an exception in the NSG.

¶5. (C) Menon reported that Prime Minister Manmohan Singh's visit to China went well, particularly on the civil nuclear front. Menon said, "the Chinese left us with the clear impression that they will not be seen opposing us in the

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NSG." Instead of expressing outright support for the NSG exception, Menon explained, the Chinese will tell the NSG that it wishes to engage in bilateral civil nuclear cooperation with India. Menon pointed out that the active verb tense used in the Joint Statement, in which China and India "pledge to cooperate," shows that Sino-Indian relations have progressed since the November 2006 summit, when the Joint Statement employed the passive tense to describe the state of the relationship.

¶6. (C) The Ambassador observed that the Indians have adopted a strategy of emphasizing the international aspect of the nuclear initiative. Menon cautioned that the strategy has not yet swayed the Left, but he recognized that even with the stress on the global aspect, "the U.S. remains the prime actor." The Ambassador asked about the Indian letter of intent to purchase U.S. reactors. Menon responded, "We will do it; the problem before is that we could not do it as specifically as you would have liked."

Menon Agrees Time is of the Essence

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¶7. (C) Menon asked the Ambassador how the timing could work. Providing that India quickly finished the IAEA talks, the Ambassador surmised that it could submit the draft safeguards agreement for the IAEA Board of Governors (BOG) to consider during the March 3-7 BOG meeting. Menon interjected that "I think we may have a way to go to the Board." After the BOG, the Ambassador speculated that the NSG may require up to two months to consider an exception for India, after which the U.S. government would need several weeks to draft the necessary certifications and reports for the submission of the 123 Agreement to the U.S. Congress. While the Indian government has already pushed the timing, the Ambassador told Menon that "you can count on an all-out effort" to get the 123 Agreement approved. "It is possible we could manage the approval, but not highly probable," he warned.

¶8. (C) Menon recognized that the window has narrowed dangerously. "I am telling my political masters that we need

to do it right now," he revealed. "We need a clear political signal," he admitted.

Feathers Ruffled Over Bird Flu Outbreak

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¶9. (C) The Ambassador observed that the West Bengal state government's failure to contain the avian influenza outbreak in West Bengal has caused the U.S. government great concern. "We have offered help," he related to Menon. Menon said he would pass on the Ambassador's offer to health authorities and state government, and suggested that the U.S. provide a "menu" of possible assistance that the Indian government can consider. The Ambassador said he would provide such a paper and PolCouns subsequently provided Joint Secretary (Americas) Gaitri Kumar with a list of four U.S. resources that could be activated immediately.

Comment: Nuclear Way Out Relies on Globalizing the Initiative

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¶10. (C) India's engagement with the top of the UK, French, and Chinese governments, as well as ministerial-level meetings with the Canadians and Australians, has helped broaden the civil nuclear cooperation initiative to a multilateral effort. These countries have either supported the initiative outright (as in Russia, the UK and France), indicated passive support (Canada), or signaled a lack of direct opposition (Australia and China), putting pressure on the Indian government to deliver the IAEA safeguards agreement. The UPA government hopes that the Left can continue its opposition to the U.S.-specific element, while allowing movement on the safeguards agreement and NSG engagement. The Left, however, has kept its cards close to its chest, but has modified its stance as against the "U.S.-India nuclear deal." While questions remain, this strategy may provide enough wriggle room to advance the initiative beyond the IAEA.

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